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COMMONWEALTH OF PENNSYLVANIA



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March 1, 2000

**MAR 02 2000**

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Magalie Roman Salas  
Office of the Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S. W.  
Washington, DC 20554

In the matter of: GTE Corporation  
Transferor, and Bell Atlantic  
Corporation Transferee For  
Consent to Transfer of Control  
CC Docket No. 98-184

Dear Ms. Salas:

Enclosed please find an original and four copies of Comments of State Advocates Regarding the Lifeline Plan Proposed as a Merger Condition in the above-referenced matter. Please also note that these Comments have been filed with the Commission electronically.

Please indicate your receipt of this filing on the additional copy provided and return it to the undersigned in the enclosed self-addressed, postage prepaid, envelope. Thank you.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Philip F. McClelland".

Philip F. McClelland  
Senior Assistant Consumer Advocate

Enclosure

cc: Al McCloud, Network Services Division

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

**RECEIVED**

**MAR 02 2000**

**FCC MAIL ROOM**

In the Matter of :  
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GTE Corporation :  
Transferor, :  
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and : CC Docket No. 98-184  
:  
Bell Atlantic Corporation :  
Transferee :  
:  
For Consent to Transfer of Control :

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COMMENTS OF STATE ADVOCATES  
REGARDING THE LIFELINE PLAN  
PROPOSED AS A MERGER CONDITION

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I. SUMMARY

A. The State Advocates Urge Specific Modifications To The Applicants'  
Proposed Lifeline Plan As A Merger Condition.

On January 31, 2000, the Federal Communications Commission (FCC) issued a Public Notice seeking comments on the supplemental filing entitled "Proposed Conditions for Bell Atlantic/GTE Merger" (Proposed Conditions) submitted by Bell Atlantic Corporation and GTE Corporation (Applicants) on January 27, 2000 in support of the request for Commission approval of the Applicants' proposed merger and transfer of control. The Commission's Public Notice established March 1, 2000 as the time to file comments on 1) the Applicants' Supplemental Filing statements regarding the potential benefits and lack of competitive harm presented by the proposed merger, and 2) the Applicants' proposed voluntary merger commitments.

The Connecticut Office of Consumer Counsel, District of Columbia Office of the People's Counsel, Indiana Office of Utility Consumer Counselor, Maine Public Advocate, Maryland Office of People's Counsel, Missouri Office of the Public Counsel, Nevada Office of Consumer Advocate, Pennsylvania Office of Consumer Advocate and Texas Office of Public Utility Counsel (collectively State Advocates) jointly file these comments regarding the Applicants' proposed Lifeline program. While the State Advocates support the Applicants' proposal to offer a \$10.20<sup>1</sup> Lifeline benefit in the Applicants' service territories,<sup>2</sup> the State Advocates aver that the Applicants' Lifeline plan can and should be improved upon in several respects to better promote universal service and improve the availability of affordable telephone service. The Commission must review and approve the proposed transfer of licenses and authorizations under a "public interest, convenience and necessity" requirement. 47 U.S.C. § 310(d). State Advocates submit that the Lifeline proposal as filed does not meet the public interest requirement and must be changed before such transfer could be approved.

Briefly, the State Advocates' Comments address the following concerns. As a condition of the merger, the Applicants propose to model their Lifeline plan after the Universal Service Assistance (USA) Lifeline program established by Ameritech. The State Advocates do not support use of the USA Lifeline plan as a model for establishing eligibility or adoption of the USA Lifeline plan's service restrictions. First, the State Advocates contend that the use of participation in specific federal or state assistance programs as a condition for receipt of Lifeline benefits is contrary to sound public policy and does not adequately promote the goals of universal, affordable telephone service. The Commission should direct Bell Atlantic and GTE to

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<sup>1</sup> State Advocates emphasize that the Applicants will contribute only a small portion of the \$10.20 benefit. The FCC will offer a \$5.25 benefit and will match any contribution from the Applicants on a 1:2 basis. The FCC will

modify this particular provision of the Lifeline plan to include an alternative eligibility criteria – an income based test allowing all households with income below 150% of the federal poverty level to enroll.

Second, the State Advocates oppose the inclusion of any restrictions on the purchase of optional services, whether as set forth in the USA Lifeline plan or otherwise, as a condition of eligibility for the Applicants' Lifeline plan. Restrictions on the purchase of optional service are contrary to the universal service principles of the Telecommunications Act of 1996 (1996 Act). Low-income consumers in need of assistance to connect or stay connected to the modern telecommunications network should retain the ability to decide whether to purchase optional telephone services.

Third, State Advocates submit that the Commission should make certain that any modifications to existing Bell Atlantic/GTE Lifeline plans resulting from this merger proceeding should not reduce the benefit offered under existing Lifeline plans.

The State Advocates endorse the concept that Lifeline programs in the Bell/GTE service areas can and should be significantly improved. However, the State Advocates do not agree that the answer is to offer an increased benefit to only a portion of the low-income customers who need assistance and then prohibit those customers from taking the benefit offered by purchasing any optional services. The State Advocates urge the Commission to adopt the modifications as set forth below to the Applicants' Lifeline plan proposal. The State Advocates remind the Commission that the Applicants will enjoy significant benefits should their merger plan be approved, while the public will lose the potential for competition between Bell Atlantic and GTE as a result of their merger. These limited modifications should be adopted to assure

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contribute \$6.90 overall and the Applicants \$3.30 per line per month.

<sup>2</sup> Proposed Conditions at ¶ 45.

that low-income residential customers in the Bell Atlantic and GTE service areas enjoy the benefits of universal service and affordable telephone service.

## II. COMMENTS

### A. Customers Should Be Permitted To Receive The Enhanced Lifeline Discount Based Upon Participation In Specified Public Benefit Programs Or Because They Have Income Below 150 Percent Of The Federal Poverty Level.

#### 1. Introduction

State Advocates contend that the Applicants' proposed Lifeline program is inadequate to the extent that low-income consumers can only receive Lifeline benefits if they are enrolled in certain government assistance programs.<sup>3</sup> No matter how poor a Bell Atlantic or GTE customer may be, no matter how difficult it is for them to be able to pay for telephone service, such customers are not permitted to receive a Lifeline discount unless they are enrolled in one of these government assistance programs. This provides no payment assistance for consumers that are not enrolled in one of these programs -- even if they might be eligible for the program. Such program restrictions unreasonably discriminate against the working poor and those who, for whatever reason, do not participate in government assistance programs.

#### 2. The Commission Should Not Approve a Lifeline Program that Withdraws Lifeline Assistance from Low Income Consumers That Leave Public Assistance in Order to Go to Work.

State Advocates submit that federal and state governments are encouraging those who receive governmental assistance to make the transition from welfare to work. Currently, many low-income consumers have gone from Temporary Assistance for Needy Families

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<sup>3</sup> The Ameritech tariff restricts those who may receive Lifeline rate reductions under the Universal Service Assistance program to those who receive 1) Home Energy Assistance Plan, 2) Ohio Energy Credit Program, 3) Ohio Works First, 4) Food Stamps, 5) Supplemental Security Income (SSI) on the basis of blindness or disability under Title XVI of the Social Security Act, 6) SSI on the basis of being aged, 7) Disability Assistance, 8) Medicaid and 9) Federal Housing or Section 8 Assistance. Ameritech Tariff, P.U.C.O. No. 20, Original Sheet No. 6.1.

(TANF)<sup>4</sup> to work. These consumers have either voluntarily left TANF or have found their eligibility for TANF expire.<sup>5</sup> Accordingly, these consumers no longer receive TANF benefits and often are employed – either when their eligibility has expired or they have gone back to work prior to that time.

State Advocates submit that the Commission should continue to assist consumers that no longer are enrolled in TANF so long as their incomes are at or below 150% of the poverty income. The Lifeline enrollment requirement set forth in the Proposed Conditions would withdraw a benefit from consumers even if they are complying with government policy and moving from “welfare” to work. It is particularly inappropriate that, if a consumer voluntarily moves from TANF to work, that such a consumer would be “punished” by having his or her Lifeline discount cancelled. This does not encourage the type of employment activity that the government is otherwise trying to support.

The State Advocates submitting these comments do not oppose using participation in public assistance programs in the current eligibility standards for Lifeline assistance as one, but not the only, basis for qualifying to receive Lifeline assistance. As long as participation in the public assistance programs designated in the USA Tariff is not the only way

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<sup>4</sup> TANF is the successor to AFDC. These two programs have been the principle means of providing cash assistance to low income families.

<sup>5</sup> Health and Human Services (HHS) has explained the TANF restrictions that require TANF recipients to become employed and eliminate their assistance after a certain period of time. HHS explains:

Under the TANF program, parents or caretakers receiving assistance are required to engage in work (as defined by the State) within 24 months or less at the State’s option. Currently, 20 States require immediate participation in work, 6 States require participation in work between 45 days and 6 months of receipt of cash assistance, 23 States require participation within 24 months, and 2 States within other time frames.

Temporary Assistance for Needy Families (TANF) Program, Second Annual Report to Congress, August 1999, U.S. Department of Health and Human Services at 8 (HHS Congressional Report). Low-income consumers are required to become employed and will have their TANF assistance terminated at a certain point. HHS explains:

Currently, 28 States are using the Federal five-year limit, 6 States are using “intermittent” time limits up to a total of five years, 8 States are using shorter time limits than the five-year threshold, 5 States are using options involving supplements for families exceeding the five-year limit, and 5 States are applying time limits for adults only.

Id. Thus, it is clear that low-income consumers are required to leave TANF at a certain point whether or not their

to qualify for Lifeline benefits, it makes sense to use participation in one or more of those programs as one way to qualify for Lifeline assistance. From a policy standpoint, participation in one of those programs is easy to describe in informational pamphlets and other promotional materials. Tying eligibility to the receipt of benefits under one of the public assistance programs also makes it easy for low-income consumers to know whether they're eligible for Lifeline benefits if they are enrolled in the program. The state and federal agencies currently administering the public assistance programs also function as a de facto communications network that is able to disseminate information to large numbers of people who are most likely to need and to benefit from Lifeline assistance.

State Advocates submit, however, that participation in a government assistance program should not be the only way for low-income households to qualify for benefits under the Lifeline program. The State Advocates support adding another general basis of eligibility to the existing federal Lifeline eligibility standards - a standard based on income level, whether or not the Lifeline applicant is actually participating in (i.e., actually receiving benefits under) one of the public assistance programs upon which eligibility for federal Lifeline benefits is currently based.

State Advocates submit that, even though low-income consumers will leave TANF and become employed, they often continue to have a low income. Recent data has shown that the median income of families formerly on TANF is \$1,149 per month or \$13,788 per year.<sup>6</sup> This would mean the median income of a family that has left TANF and entered the work force in many cases would be between 100% and 150% of poverty.<sup>7</sup> These customers would

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incomes have increased with respect to the poverty limit.

<sup>6</sup> How Families That Left Welfare Are Doing: A National Picture, Pamela Loprest, Urban Institute, August, 1999, Figure 3.

<sup>7</sup> HHS reports the average TANF family at 2.8 persons. HHS Characteristics and Financial Circumstances of TANF



continue to have a financial need for Lifeline and should continue to receive Lifeline assistance.

Low-income consumers who are employed and have left TANF have as much need for telephone service – and Lifeline assistance – as those with comparable incomes that continue to be enrolled in TANF. In short, the working poor who have left the TANF program and made the transition to employment may need Lifeline assistance just as much as those who continue to be enrolled in TANF. Both the unemployed that are seeking work and those that are currently employed require telephone service. Those who are working will have some particular responsibilities, such as arranging childcare, transportation, absence from work due to illness and family emergencies, etc. It is unlikely that anyone would contend that going to work reduces the need for telephone service. Yet a policy that allows Lifeline eligibility during TANF enrollment, but terminates it once TANF enrollment is over, even if the recipient takes a very low-paying job, suggests just that position. Also, given federal, state and local governments' focus on encouraging non-working adults to return to the workforce (i.e., "welfare-to-work" programs and policies), the number of low-income households that are not able to qualify for Lifeline benefits under the current federal eligibility guidelines is likely to increase in the months and years ahead. The Commission should honor the decision that TANF recipients have made to leave welfare and go to work and not punish those who have taken that step.

3. The Commission Must Recognize that There Are Valid Reasons Why Some Consumers Do Not Enroll in Public Assistance Programs Even When They Would Be Eligible.

The Indiana Office of Utility Consumer Counselor (Indiana Office), and other State Advocate offices, has received numerous inquiries about Lifeline benefits from Indiana consumers over the last several years. The Indiana Office has found (and small rural ILECs in

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Recipients, 1998 at 3. For a family of 2.8 the calculated income benchmark would be \$13,570 at 100% of poverty. This would place these families barely above the 100% of poverty benchmark. See Appendix A at 2.

Indiana have also reported) that some of the residents who would otherwise qualify for benefits under one of the designated federal assistance programs (and therefore would qualify for Lifeline assistance if they actually participated in one or more of those programs), choose not to apply for benefits under any of those public assistance programs, because it's against their personal or religious beliefs and values to accept public assistance.

From conversations with various customers and local telephone company representative that provide Lifeline assistance, it seems that many of the people who choose not to apply for public assistance are elderly and live in small towns or rural communities. Typically, they already have telephone service in their homes, but are on fixed incomes and would like to reduce the cost of maintaining in-home local telephone service. Some Indiana residents have made remarks such as the following:

I'd accept a senior citizens discount, but I WON'T take government Handouts.

or

I don't believe in welfare programs and don't want to apply for a discount in my local telephone service if I have to go on a welfare program.

State Advocates also submit that such views may be – not only a matter of personal belief – but a religious conviction as well.<sup>8</sup> Some individuals believe that they should not take assistance from the government, but rather rely upon their individual resources or church benevolence. For these individuals taking a reduced charge for telephone service may be accepted, but being forced to receive payments from the government for income assistance would be unacceptable under their religious beliefs.

The Indiana Office has also heard from consumers who are eligible for federal

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<sup>8</sup> Notably, some individuals within the Mennonite Church hold such positions, do not accept government assistance, and would be excluded from the proposed Lifeline benefits.

public housing assistance, have applied for such assistance, but are still waiting for a subsidized housing unit to become available in their community. Such consumers typically aren't willing to move to a different town or county just to be able to move into a federally subsidized public housing unit more quickly; so they face a considerable delay before they can become eligible to receive benefits under the federal housing program, and the same delay for receiving Lifeline assistance. Thus, Section 8 housing eligibility is problematic as a means to determine Lifeline eligibility.

The following situation demonstrates other shortcomings of the FCC's current eligibility criteria for Lifeline. A woman whose minor son had severe health problems wanted to apply for Lifeline assistance in Indiana. Her request was based on her son's participation in one of the public assistance programs. However, since telephone service couldn't be put in her minor son's name and since the son was claimed as a dependent on the woman's tax return, she was not eligible to receive Lifeline benefits under a program restricted to public assistance recipients. Unfortunately, under the Proposed Conditions, even if the son was receiving public assistance benefits and the family had an income within 150% of the poverty guidelines, this family would not qualify under the proposed Lifeline conditions.<sup>9</sup> Instead of limiting the availability of Lifeline/Link-Up benefits to persons who actually participate in at least one of the qualifying programs, if eligibility for Lifeline could also have been based on household income levels (as compared to federal poverty guidelines), the above customers probably would have qualified for Lifeline assistance.

The FCC should also consider the timing problems confronted by people who are eligible to receive assistance from the Low Income Heating And Energy Assistance Program

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<sup>9</sup> These issues concerning the eligibility of household members for public assistance programs will be discussed at greater length in Appendix A.

(LIHEAP), but who are not eligible to receive benefits under any of the other qualifying public assistance programs. Because of the unique timing of LIHEAP's application process, customers that want to apply for LIHEAP benefits might have to wait several months or more to apply for such benefits. LIHEAP's enrollment sessions are often scheduled annually, in the fall of each year, and this would mean that some families that are eligible for such programs and wish to apply would be excluded from such programs for a portion of the year until applications are being accepted.

4. One Hundred and Fifty Percent of Poverty Is a Reasonable Income Level to Use In Order to Qualify for Assistance.

Bell and GTE should be required to offer Lifeline service to consumers whose household income is below 150 percent of the Federal poverty level.<sup>10</sup> The State Advocates recommend use of 150 percent of the Federal poverty level as an appropriate measure of need at this time. At 150 percent of poverty a household of three has no more than \$21,225 in income to cover housing, food, clothing, utilities and all other needs. To the extent that household members have moved from programs such as TANF and into the workforce, increases in income may also be partially offset by new expenses such as for transportation or childcare.

Telephone service would still require Lifeline assistance given the many other demands on the available income for households below 150% of poverty. State Advocates also submit that the use of 150% of the poverty limit is consistent with the income limitations set for various low-income programs as well. It is difficult to draw a direct comparison as many low-income assistance programs are based upon factors other than income.<sup>11</sup> However, the Federal LIHEAP program permits states to set eligibility for heating assistance and emergency aid based

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<sup>10</sup> As determined by the U.S. Department of Health and Human Services. See, Appendix A discussion.

<sup>11</sup> See Appendix A.

on income up to 150 percent of poverty or 60 percent of state median income. The use of 150% of poverty would be generally consistent with those requirements.

Accordingly, the FCC should require Bell Atlantic and GTE in this merger review proceeding to add a household-income-based eligibility criterion of 150% of the poverty income to the current federal eligibility requirements for Lifeline assistance. Use of this criterion will provide low income consumers a more meaningful opportunity to participate in the Lifeline program and receive needed assistance to afford telephone service.

B. Customers Should Not Be Required To Forego Optional Services To Receive The Enhanced Lifeline Discount.

The State Advocates also oppose adoption of the Ameritech USA Lifeline plan as a model for the Bell/GTE Lifeline plan to the extent the USA Lifeline plan restricts the ability of Universal Service Assistance customers to purchase optional services. Ameritech's USA Lifeline plan offers participating customers "a network access line, central office termination and local usage."<sup>12</sup> However, the USA Lifeline benefit is available only to those eligible subscribers willing to accept restrictions on their ability to purchase optional services. Subpart B.9. of the Ameritech USA Lifeline regulations states that

Universal Service Assistance customers are permitted access to Universal Emergency Number Service (911 Service), and Message Toll Telephone Service (MTTS). However, Universal Service Assistance customers are prohibited from purchasing any other optional services offered by the Telephone Company except Easy Call<sup>13</sup> (where available) and any other service determined by the P.U.C.O. to be beneficial to customers with disabilities or medical conditions, or in life-threatening situations.<sup>14</sup>

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<sup>12</sup>Ameritech P.U.C.O. Tariff No. 20, Original Sheet No. 6.1, Part 4, Section 4. Universal Service Assistance, B. Regulations, 1.

<sup>13</sup> Easy Call is a service that automatically dials a single fixed telephone number when the customer's line is taken off the hook and dialing does not commence within seven seconds. Ameritech P.U.C.O. Tariff No. 20, Original Sheet No. 6.1, Part 7, Section 3, Original Sheet No. 7.

<sup>14</sup>Ameritech P.U.C.O. Tariff No. 20, Original Sheet No. 6.1, Part 4, Section 4. Universal Service Assistance, B. Regulations, 9.

The State Advocates contend that the Lifeline plan proposed by Bell Atlantic and GTE as a condition of merger should not include restrictions on the customer's ability to purchase other services from Bell Atlantic or GTE. As explained below, such purchase restrictions are not an effective way to further social policy. Instead, the imposition of restrictions deter otherwise eligible customers from enrolling in Lifeline or relegates those customers who agree to the service restriction to something less than full access to the services of the telecommunications network. Simply put, the State Advocates submit that service restrictions are contrary to the universal service principles set forth in the 1996 Act.

There are legitimate public safety related or other reasons why Lifeline customers should be permitted to purchase optional services. The State Advocates disagree with the USA tariff which prohibits a Lifeline customer from purchasing any optional services. Approval of the Bell Atlantic/GTE Lifeline plan as part of the merger conditions should not deny to consumers the opportunity and responsibility to make these purchasing decisions.

Overall, prohibiting Lifeline customers from purchasing optional services is inconsistent with the move toward reduced regulation. At a time when the Commission is attempting to give consumers more choices, it is inconsistent to single out low-income consumers and selectively prohibit those customers from buying any optional services. Where the Applicants provide a broad range of services now and in the future, it is inappropriate to categorically prohibit their use.

The Commission, Bell Atlantic and GTE should not dictate how and in what manner a low income consumer might spend the limited discretionary funds available to them. If the point of such purchase restrictions is to preclude low-income consumers from buying more telecommunications services than they need, this goal cannot be accomplished through a tariff provision. For example, while the Ameritech USA Lifeline plan prohibits a participating customer from purchasing a voice mail service from Ameritech, no tariff restriction can prohibit the same consumer from purchasing an answering machine. Ultimately, the consumer will retain his or her ability to purchase other non-telecommunications services no matter what Lifeline

restrictions are applied.

Tariff restrictions on the purchase of optional services cannot and will not guarantee that an eligible customer will stop needing or valuing optional services offered by Bell Atlantic, GTE or competitors. For example, optional services such as call waiting or Answer Call offer consumers a way to more effectively and efficiently communicate. In the case of a low-income household, where a member may be applying for a job or has medical problems, these services may be very valuable. Thus, the job seeker would not miss a call from an employer although the phone is in use for another call. Likewise, a sick person or caregiver may be assured of not missing a call from a doctor. The Answer Call voice mailbox offers features not available from an answering machine such as taking a message when the phone is in use. In a low-income household with multiple adults or older children, the advantages of the service may outweigh the burden of the cost to the household. The State Advocates emphasize that a decision to purchase an optional service like call waiting or Answer Call benefits not only the subscriber but all other customers on the network who might call the subscriber.

Similar problems arise when a consumer may wish to use Call Trace in order to refer a harassing phone call to the police for prosecution. The Commission, Bell Atlantic, and GTE should play no role in deciding for consumers whether they should be able to use these services. The Commission should not create a second-class form of telephone service for low-income consumers who are compelled to take Lifeline assistance due to their lack of income. All consumers, low income or otherwise, should be able to exercise their own judgment as to whether and which optional services to purchase.

It is also very likely that the practical effect of purchase restrictions is not to reduce low-income consumers' purchase of optional services. Rather, such purchase restrictions will deter otherwise eligible consumers from enrolling in Lifeline. A 1998 tracking report prepared by Bell Atlantic-Pennsylvania, Inc. reported survey results, which showed that

many customers choose not to take Lifeline Service because they would have to give up unlimited local calling packages, their

inside wire maintenance or their central office service, i.e., Call Waiting, Caller ID, etc.<sup>15</sup>

Rather than dampen low-income customers' purchase of optional services, restrictions on the purchase of such services serve as a barrier to enrollment in Lifeline programs.

The State Advocates submit that the FCC and Applicants should defer to the judgment of consumers as to what telecommunication services at what price are of value to the customer and his or her household. Just because a consumer has less discretionary income, does not automatically equate with a lesser ability to make reasoned purchasing decisions. Indeed, an underlying theme of the welfare to work movement is the promotion of self-reliance and responsibility. Even if, *arguendo*, the imposition of restrictions had some public policy rationale in the past, the State Advocates contend that such rationale does not apply in today's world.

Alternatively, if the point of restrictions is to create a separate class of customers who must bargain away access to the full range of options offered by the modern telecommunications network to be eligible for the \$10.20 discount, then the State Advocates challenge this rationale as inconsistent with Section 254(b)(3) of the 1996 Act.<sup>16</sup> Integral to the universal service principles articulated by the 1996 Act is the concept that access to advanced services and information services should be universally available. Section 254(b)(3) specifically requires that this access requirement applies to "[c]onsumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas..."<sup>17</sup> Adoption of the USA Lifeline plan as a model, inclusive of the optional service restrictions, will defeat the combined universal service policy goals of the Act. Either eligible customers will forego the available Lifeline discount to continue purchasing optional services of value to that individual, or the customers will participate in the proposed Lifeline plan but be precluded from access to the full benefits of the telecommunications network. Bell Atlantic and GTE's Lifeline plan should not include service restrictions, where the result is contrary to the universal service policy

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<sup>15</sup> Bell Atlantic-Pennsylvania, Inc., June 1998 Lifeline Tracking Report at 4.

<sup>16</sup> 47 U.S.C. § 254(b)(3).

<sup>17</sup> 47 U.S.C. § 254(b)(3).



principles of the Act.

In summary, Bell and GTE's proposed Lifeline plan would offer a significant discount, but it would only be of benefit to those customers able or willing to refrain from purchasing optional services, if they are requesting new service, or to give up existing optional services if they are already Bell Atlantic or GTE subscribers. The State Advocates oppose the inclusion of service restrictions as a term of the proposed Lifeline plan. The 1996 Act envisions a telecommunications network, which is affordable and accessible to all consumers, including low-income consumers. A Lifeline discount to offset specific costs of obtaining basic service improves the affordability for low-income customers who participated in the Lifeline plan. Imposition of service restrictions is contrary to the universal policy of the 1996 Act where such restrictions would either relegate the Lifeline plan participant to a reduced level of access to telecommunications services, or require low income customers to pay relatively more for basic service than the Lifeline customer. The FCC should not accept the service restrictions as a term of the Lifeline plan offered by Bell Atlantic and GTE as a merger condition.

C. Any Merger Condition Regarding Lifeline Plans Must Ensure That Current State Specific Lifeline Programs Must Be Retained If Those Programs Are More Beneficial Than The Proposed Lifeline Plans.

State Advocates have explained above the problems associated with the Bell Atlantic/GTE proposed Lifeline plan and argued that eligibility criteria and service purchase opportunities should be expanded. In addition, whatever Lifeline Plan the Commission may approve, it should not detract from plans already in place.

Under the conditions proposed, Bell Atlantic/GTE may either propose a new, standalone Lifeline plan comparable to the terms and conditions of the USA Lifeline Plan, propose an additional discount or enhancement to an existing Lifeline plan, or certify that the existing Lifeline plan meets the requirements of the proposed merger conditions. Proposed

Conditions at ¶ 45. The Proposed Conditions further state that “no state shall be required to accept the enhanced Lifeline plan that will be offered by Bell Atlantic/GTE.” Id. While by its terms the proposed Lifeline plan need not be accepted by any state commission, the State Advocates submitting these comments urge that an additional clarification be adopted stating that the Commission approved Lifeline program will not require that states abrogate or modify current Lifeline programs that may be more beneficial to consumers.

Currently, individual states impose varying eligibility requirements, outreach and education program requirements, and program limitations. Some states have adopted an expansive list of financial assistance programs that qualify a customer for Lifeline assistance. On the other hand, there are states that restrict Lifeline eligibility to fewer programs, thus limiting the number of qualified applicants. To the extent a state has adopted an expansive eligibility requirement, the State Advocates urge that the FCC explicitly state that adoption of this proposed merger condition will not cause a reduction in the list of programs used to determine eligibility for Lifeline assistance. This is particularly important since the Applicants’ Lifeline plan is to be “comparable to the terms and conditions of the Ohio Universal Service Assistance (“USA”) Lifeline plan in Ameritech Ohio’s Alternative Regulation Plan.” Id. Ameritech Ohio’s subscriber eligibility requirements may or may not be consistent with the more expansive eligibility requirements applied by other states. To the extent some other Bell Atlantic/GTE state commissions provide more expansive eligibility opportunities, those requirements must be allowed to stand and not overridden by the Commissions approved plan.

States may also vary the definition of services that a consumer may purchase. Some states provide a degraded form of residential service to low-income customers, restricting their local calling to an average of one call per day each month. Other states prohibit the

selection of optional services, and/or prohibit the option of toll blocking and toll limitation. On the other end of the spectrum, some states may provide unlimited basic local calling plans or a measured usage option which includes a higher number of local calls per month and provides no restriction on a Lifeline customer selecting and paying for optional services. To the extent that a state has adopted a Lifeline plan that provides for a more expanded subscription opportunity for the customer, that state should not be forced to abrogate or change any of the terms of its Lifeline program in favor of the Commission approved Lifeline plan.

### III. CONCLUSION

The State Advocates request that the Commission modify the Proposed Lifeline program as requested by these Comments.

Respectfully submitted,

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New Britain, CT

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the People's Counsel  
Washington, DC

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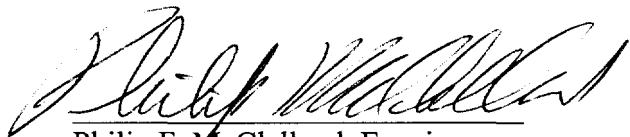
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